
Appropriations Committee

SSB 5691

Brief Description: Defining the near general fund and requiring revenue forecasts thereof.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Zarelli, Prentice and Roach).

Brief Summary of Substitute Bill

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| <ul style="list-style-type: none">• Defines funds subject to the state expenditure limit as "near General Fund."• Incorporates the Education Legacy Trust Account within the near General Fund effective July 1, 2008.• Directs the Economic and Revenue Forecast Council to forecast revenues for all funds within the near General Fund. |
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Hearing Date: 3/27/07

Staff: Kristen Fraser (786-7148) and Dave Johnson (786-7154).

Background:

Initiative 601, enacted in 1993, established a state General Fund expenditure limit and restrictions on state fee and revenue increases. Each fiscal year, the General Fund expenditure limit is "rebased," based on the actual General Fund expenditures in the prior fiscal year, plus a fiscal growth factor.

Under legislation enacted in 2005 and taking effect for the 2007-09 biennium and thereafter, the state expenditure limit applies to the state General Fund and five additional funds, which are defined as "related funds": Health Services Account; Violence Reduction and Drug Enforcement Account; Public Safety and Education Account; Water Quality Account; and Student Achievement Fund.

The Education Legacy Trust Account was established by the Legislature in 2005 and may be appropriated only for deposits into the Student Achievement Fund, for expanding access to higher

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education through funding for new enrollments and financial aid, and for other educational improvement efforts.

Unspent General Fund appropriations are re-appropriated into the Savings Incentive Account at the end of each fiscal year. This re-appropriation prevents the lapsing of unspent General Fund appropriations, thereby preventing reductions in the state expenditure limit that would otherwise occur as a result of the "rebasement" requirement of Initiative 601.

Under the Savings Incentive Account statute, these unspent General Fund appropriations are re-appropriated as follows:

- The agency generating the savings may retain one-half of the amount that is not attributable to caseload savings, specific budget provisos if the agency did not achieve the specific purpose or objective of the proviso, retirement contributions, or debt service;
- The remaining amounts are deposited in the Education Savings Account. Ten percent of the moneys this account may appropriate for higher education fellowships and the remainder may be appropriated for K-12 construction and technology projects.

Summary of Bill:

The state General Fund and the five "related funds" that are subject to the expenditure limit are redefined as the "near General Fund." Effective July 1, 2008, the Education Legacy Trust Account is also brought within the "near General Fund."

The Economic and Revenue Forecast Council is directed to make official state revenue forecasts for all near General Fund revenues.

Beginning with the 2007-08 fiscal year, the unspent appropriations of all of the accounts included in the near General Fund may be appropriated pursuant to the Savings Incentive Account process.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.